

Assembly Bill No. 4

Passed the Assembly January 28, 2003

Chief Clerk of the Assembly

Passed the Senate February 3, 2003

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2003, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Sections 10754 and 11000 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 4, Wesson. Vehicle license fees.

The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. The VLF Law offsets this amount by 67.5% for vehicle license fees with a final due date on or after July 1, 2001, and requires the Controller, upon receipt of monthly notification from the Department of Motor Vehicles of the amount of offsets applied, to transfer General Fund moneys to reimburse local governments for losses resulting from the vehicle license fee offset.

The VLF Law also requires, in the event there are insufficient moneys in the General Fund for the Controller to fully reimburse local governments for losses resulting from the vehicle license fee offset, that the offset amount be reduced in proportion to the shortfall in funding to reimburse local governments for those losses. Existing law does not designate the person or agency responsible for making the determination of whether there are sufficient moneys in the General Fund to make these reimbursements.

This bill would provide that the Director of Finance is required to make the same determination of whether there are insufficient moneys in the General Fund for the Controller to fully reimburse local governments for losses resulting from the vehicle license fee offsets.

This bill would clarify that the term "General Fund," as used with reference to the vehicle license fee offset, has the same meaning as set forth in a specified statute, and would specify that the term "General Fund" does not include any moneys in that fund that the state is obligated to repay to the source from which those moneys were received, or any moneys in that fund that are derived from loans or other forms of indebtedness.



This bill would exempt vehicles with a cost price, as defined, of \$5,000 or less from the provisions requiring a reduction of the offset in the event that a determination is made that there are insufficient moneys in the General Fund to fully reimburse local governments for losses resulting from the offset.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 10754 of the Revenue and Taxation Code is amended to read:

10754. (a) Notwithstanding any other provision of law and except as otherwise provided by subdivision (d), the total amount of the vehicle license fee otherwise required with respect to a vehicle shall be offset in accordance with those provisions set forth below that are operative pursuant to subdivision (b):

(1) (A) For any initial or original registration of any vehicle, never before registered in this state, for which the final due date for the license fee is on or after January 1 of any calendar year for which this paragraph is operative, and for any renewal of registration with an expiration date on or after January 1 of any calendar year for which this paragraph is operative, the department shall offset the total amount of fees otherwise due at the time of registration of that vehicle by an amount equal to 25 percent of the amount computed pursuant to Section 10752 or 10752.1, or Section 18115 of the Health and Safety Code.

(B) Upon proper payment of license fees to the Department of Motor Vehicles, the amount of the offset for each vehicle shall be transferred into the Motor Vehicle License Fee Account in the Transportation Tax Fund, and into the Local Revenue Fund, pursuant to Section 11000.

(C) During any period for which the Director of Finance makes a finding that insufficient moneys are available to be transferred from the General Fund to fully fund the offsets required by subparagraph (A) the department shall, as soon as possible, but no later than 90 days after the Director of Finance makes that finding, reduce the amount of each offset computed pursuant to subparagraph (A) by multiplying that amount by the ratio of the amount of moneys actually available to be transferred from the

General Fund to pay for those offsets to the amount of moneys that is necessary to fully fund those offsets.

(D) The Controller shall provide the Director of Finance with any information available to the Controller that is requested by the Director of Finance for purposes of making the determination required by subparagraph (C).

(2) (A) For any initial or original registration of any vehicle, never before registered in this state, for which the final due date for the license fee is on or after January 1 of any calendar year for which this paragraph is operative, and for any renewal of registration with an expiration date on or after January 1 of any calendar year for which this paragraph is operative, the department shall offset the total amount of fees otherwise due at the time of registration of that vehicle by an amount equal to 35 percent of the amount computed pursuant to Section 10752 or 10752.1, or Section 18115 of the Health and Safety Code.

(B) Upon proper payment of license fees to the Department of Motor Vehicles, the amount of the offset for each vehicle shall be transferred into the Motor Vehicle License Fee Account in the Transportation Tax Fund, and into the Local Revenue Fund, pursuant to Section 11000.

(C) During any period for which the Director of Finance makes a finding that insufficient moneys are available to be transferred from the General Fund to fully fund the offsets required by subparagraph (A) the department shall, as soon as possible, but no later than 90 days after the Director of Finance makes that finding, reduce the amount of each offset computed pursuant to subparagraph (A) by multiplying that amount by the ratio of the amount of moneys actually available to be transferred from the General Fund to pay for those offsets to the amount of moneys that is necessary to fully fund those offsets.

(D) The Controller shall provide to the Director of Finance any information available to the Controller that is requested by the Director of Finance for purposes of making the determination required by subparagraph (C).

(3) (A) For any initial or original registration of any vehicle, never before registered in this state, for which the final due date for the license fee is on or after January 1 of any calendar year for which this paragraph is operative, and for any renewal of registration with an expiration date on or after January 1 of any



calendar year for which this paragraph is operative, the department shall offset the total amount of fees otherwise due at the time of registration of that vehicle by an amount equal to 67.5 percent of the amount computed pursuant to Section 10752 or 10752.1, or Section 18115 of the Health and Safety Code.

(B) Upon proper payment of license fees to the Department of Motor Vehicles, the amount of the offset for each vehicle shall be transferred into the Motor Vehicle License Fee Account in the Transportation Tax Fund, and into the Local Revenue Fund, pursuant to Section 11000.

(C) During any period for which the Director of Finance makes a finding that insufficient moneys are available to be transferred from the General Fund to fully fund the offsets required by subparagraph (A) the department shall, as soon as possible, but no later than 90 days after the Director of Finance makes that finding, reduce the amount of each offset computed pursuant to subparagraph (A) by multiplying that amount by the ratio of the amount of moneys actually available to be transferred from the General Fund to pay for those offsets to the amount of moneys that is necessary to fully fund those offsets.

(D) The Controller shall provide the Director of Finance with any information available to the Controller that is requested by the Director of Finance for purposes of making the determination required by subparagraph (C).

(b) The offset provisions set forth in subdivision (a) shall be operative as provided by the following:

(1) Paragraph (1) of subdivision (a) shall be operative for vehicle license fees with a final due date in the calendar year beginning on January 1, 1999.

(2) Paragraph (2) of subdivision (a) shall be operative for vehicle license fees with a final due date on or after January 1, 2000, and before July 1, 2001.

(3) Paragraph (3) of subdivision (a) shall be operative for vehicle license fees with a final due date on or after July 1, 2001.

(c) For purposes of this section:

(1) “Department” means the Department of Motor Vehicles with respect to a vehicle license fee offset for a vehicle subject to registration under the Vehicle Code, and the Department of Housing and Community Development with respect to a vehicle license fee offset for a manufactured home, mobilehome, or



commercial coach described in Section 18115 of the Health and Safety Code.

(2) The “final due date” for a license fee is the last date upon which that fee may be paid without being delinquent.

(3) “General Fund” has the same meaning as that term is defined in Section 16300 of the Government Code, but does not include either of the following:

(A) Any moneys deposited in the General Fund that the state is obligated to either repay or return to the source, fund, account, or any successor thereof, from which the money was received.

(B) Any moneys deposited in the General Fund that are derived from short-term obligations, loans, sales of bonds or debentures, or other forms of indebtedness.

(d) Notwithstanding any other provision of law, for any initial or original registration of any vehicle never before registered in this state, or for any renewal of a registration of a vehicle, the department shall, if the vehicle’s “cost price,” as determined pursuant to this article, is five thousand dollars (\$5,000) or less, offset the total amount of the license fee otherwise due by an amount equal to 67.5 percent of the amount computed pursuant to Section 10752 or 10752.1 or 18115 of the Health and Safety Code.

SEC. 2. Section 11000 of the Revenue and Taxation Code is amended to read:

11000. (a) Beginning on the operative date of Section 9551.2 of the Vehicle Code, the Controller shall do both of the following:

(1) Transfer from the General Fund to the Motor Vehicle License Fee Account in the Transportation Tax Fund an amount equal to 75.67 percent of the amount of offsets that are applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle Code.

(2) Transfer from the General Fund to the Local Revenue Fund, established pursuant to Section 17600 of the Welfare and Institutions Code, in the Transportation Tax Fund an amount equal to 24.33 percent of the amount of offsets that are applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle Code.

(b) The department shall notify the Controller and the Director of Finance of the total amount of the offsets applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle



Code concurrently with the department's transfer for deposit of vehicle license fee revenues as required by law.

(c) For purposes of Section 15 of Article XI of the California Constitution, the General Fund revenues that are transferred as required by paragraph (1) of subdivision (a) shall constitute successor tax revenues to the vehicle license fees offset in this part and shall be allocated in the same manner as revenue derived from taxes imposed pursuant to this part.

(d) For purposes of Article 1 (commencing with Section 25350) of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code, Section 11003, and Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code, the General Fund transfer amounts specified in paragraphs (1) and (2) of subdivision (a) are hereby deemed to be vehicle license fee proceeds and vehicle license fee revenues. These General Fund transfer amounts are subject to the same pledges, liens and encumbrances, and priorities set forth in Section 25350 and following of, Section 53584 and following of, and Section 5450 and following of, the Government Code.

(e) Nothing in this section amends or intends to amend or impair Section 25350 and following of, Section 53584 and following of, the Government Code, or any other statute dealing with the interception of funds.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.



Approved _____, 2003

Governor

